

DEPARTMENT OF INSPECTIONS,
LICENSES AND PERMITS
RENTAL HOUSING INSPECTIONS
NOVEMBER 2001

INTRODUCTION AND SCOPE

The Rental Housing Inspection Division of the Department of Inspections, Licenses and Permits is made up of one supervisor and six inspectors. One of these inspectors was recently hired to spend a portion of his time working on rental housing inspections. With current workload requirements, this inspector is spending most of his time working on the sign code. The Howard County Code, Sec. 14.901, Rental Housing License, requires that an inspection be performed prior to issuing a rental housing license. The initial inspection consists of examining the interior and exterior of a property for compliance with the BOCA National Property Code. Some of the items the inspector will look for are:

- Proper installation of smoke detectors
- Proper light and ventilation
- Proper operating plumbing fixtures
- Maintenance of rain gutters and down spouts
- Properly installed and maintained heating facilities, water heater and electrical wiring
- Proper location of exit(s)
- Maintenance of fire extinguishers, sprinkler systems, and other fire protection systems

For renewals, the dwelling and premises must continue to meet the property maintenance code. Unless there is reason to believe an interior inspection needs to be performed, only the exterior will be inspected. These inspections are to ensure that the BOCA National Property Maintenance Code is being enforced. In addition, an inspection will also be performed when a complaint is received. Some of these complaint inspections address fire safety items, trash items, upkeep and pest concerns.

The scope of our examination was limited to a review of rental housing inspection activities within the Department of Inspections, Licenses and Permits. We began our audit by preparing flowcharts of the initial licensing and renewal licensing process along with a flowchart of the complaint process. ISSO provided us with reports listing all of the new and renewal licenses for FY 2000 and FY 2001. From the FY 2001 listing, we selected a 5% sample of both new and renewal

licenses for file review. Our review of the permit files entailed determining if the necessary inspections were performed, the timeliness of the inspections and the number of inspections needed prior to a license being issued. The results of our audit can be found on the following pages.

FINDINGS AND RECOMMENDATIONS

Fee Structure

Council Resolution 57-2001 increased the fees charged for rental housing licenses effective July 1, 2001. For hotels, motels and dormitories the biennial license fees were increased from \$40 to \$50 per sleeping room. The fees for multi-unit housing, buildings for the use of 1- or 2- family dwelling units and single family dwellings were raised from \$50 to \$75 per dwelling unit. These fees were increased to more accurately reflect the time an inspector spends at each of the units. These increased fees are expected to cover the cost of performing the inspection. The fees raised \$747,380 in FY 2000 and \$357,730 in FY 2001. These funds go into the County's General Fund. In FY 2001 the revenues for rental housing inspection fees were over budgeted by approximately \$480,000. This is due to the budgeted amounts not reflecting the biennial renewal process. At this time the renewals for the even numbered years are much higher than in the odd years and this needs to be reflected when budgeting for the anticipated revenues. We would therefore recommend that:

1. **The Department of Inspections, Licenses and Permits work with the Budget Office to ensure that the budgeted revenues are reflective of the number of anticipated renewal licenses.**

Administration's Response:

The Administration concurs with this recommendation. The Department of Inspections, Licenses and Permits will work with the Budget Office to ensure that the budgeted revenues reflect the number of anticipated renewal licenses.

Licensing Process

To obtain a rental housing license the owner must return a completed application along with the required fees to the Department of Inspections, Licenses and Permits. Once the application and fees have been received, the Permits Division will send a letter to the owner/agent requesting that they contact the inspector to schedule an appointment for an inspection. If the owner/agent does not contact the inspector within a reasonable period of time, the inspector will send a notice stating that a rental housing license can not be issued until an inspection has been performed and approved. After the third and final notice has been sent, the inspector will research why the inspection has not been scheduled and take any necessary action. When an appointment is scheduled the inspector will perform an inspection of both the interior and exterior of the property, looking to ensure that the unit

is in compliance with the BOCA National Property Maintenance Code, i.e. systems have been maintained and heating and ventilation systems are operating properly. If the property does not pass the inspection the owner/agent will be informed of the deficiencies and a date by which they must be corrected. The inspector will continue to reinspect the property until all deficiencies have been corrected. Once the property passes the inspection and the application is approved, the permit office will issue a rental license.

Each month an employee of the Permits Division generates bills from the computer system for licenses that will be up for renewal at the end of the following month. These bills will be reviewed by the Chief of the Permits Division prior to being sent out. When these bills are generated an inspection slip will also be printed out and sent to the inspector. The inspector can complete the required inspections of the property at any time after the inspection slip is received. The owner/agent has 30 days to pay the bill. If the bill is not paid within the 30 days, a late fee will be assessed and a second bill will be sent out. If no payment is received, a letter is sent to both the owner and the inspector informing them that the license has expired. On a daily basis, two reports are run. One report shows what has been deposited and the other report shows what licenses are ready for issuance based on paid fees and inspection. When an application meets both of these criteria, a rental housing license will be issued.

With the current procedures for renewal licenses, the inspector can perform the necessary inspection at any time after the bill is generated. If an inspector's schedule allowed him/her to perform the inspection soon after the bills were sent, it would be likely that the Department would not have received any notification if the property were no longer a rental property. In this case, the inspector would have performed an unnecessary inspection. The Department does not maintain statistics on the number of licenses that are not renewed or the number of inspections that are performed for properties that are no longer rentals, but did not anticipate many. Depending on the numbers, this could prove to be an inefficient use of the inspectors' time. We would therefore recommend that:

2. *The Department track the number of inspections done on non-renewed licenses, and if warranted, reevaluate the method used to schedule the inspection of renewal properties and determine if there is a more efficient way of scheduling inspections.*

Administration's Response:

The Administration concurs with this recommendation and the Department of Inspections, Licenses and Permits is currently reevaluating their scheduling methods.

Required Inspections

For a new rental housing application the Howard County Code, Section 14.901 states that the director shall inspect the structure and premises and when the dwelling and premises meet the requirements of the property maintenance code, the director shall issue the license. The office maintains written policies that state what steps should be taken when inspecting a property for an initial rental license. These procedures were last updated in September of 1990. All inspections performed are to ensure compliance with the BOCA National Property Maintenance Code. This code, which has been adopted by DILP provides model code requirements related to the protection of the public health, safety and welfare in all existing buildings and premises. Through discussions with personnel in the inspectors' office we determined that the following inspections are performed for initial licenses:

- An exterior inspection for compliance with the BOCA Property Maintenance Code.
- An interior inspection of all rooms/units for compliance with the BOCA Property Maintenance Code.
- An inspection of all public areas of Condominiums.
- Review of evacuation plans and ensure that they are properly displayed for Assisted Living Homes.

For renewal licenses, the Howard County Code simply states that the property maintenance code must be maintained. Again, the inspectors' office maintains written procedures on what inspections need to be performed, but they have not been updated since 1990. Through discussions with staff, we determined that the following inspections are performed:

- Assisted Living with Sprinkler – Inspection of the exterior to ensure that there are no deficiencies in the property maintenance code.
- Condominiums – If, through repeated visits to the property, there is some level of assurance that the unit is being maintained, the inspector will send a post card/door hanger requesting the tenant respond if there are any maintenance problems.

- Hotel - If there is some level of assurance that the property maintenance code is being adhered to, the license will be renewed.
- Townhouse, Single Family Dwelling, and 3 to 4 Family Dwelling – The inspector will do an exterior inspection. If there is a reason to do an interior inspection, an appointment will be made with the owner/agent. If an interior inspection is not deemed necessary, a door hanger will be left asking the tenant to respond if there are any maintenance issues.

In addition to these inspections for units that have sprinkler systems, a fire safety inspection is performed every six months. During this inspection, the inspector will witness the testing of the systems which are usually in a public area of the building. The inspector will also look at all the electrical areas to be certain that they are not being used for storage. Properties with more sophisticated systems must provide an annual inspection certificate of the sprinkler system from a licensed sprinkler contractor. While performing these inspections at the hotels and apartment complexes, the inspector will look in a percentage of the units. Although the inspectors know what inspections need to be performed at each structure, this division should maintain up-to-date written procedures on the inspections that are required. Having a current procedure manual would also be beneficial in training new employees. We would therefore recommend that:

3. **The Department review and update written procedures on the type of and extent of inspections they perform on the different housing types for initial and renewal licenses.**

Administration's Response:

The Administration concurs with this recommendation and the Department of Inspections, Licenses and Permits is in the process of reviewing and updating written policies.

Statistics

We were provided with a listing of all new and renewal rental housing licenses for fiscal years 2000 and 2001. These reports showed that for FY 2000 there were 524 new licenses and 2,512 renewal licenses. In FY 2001 there was a decrease of 17% or 87 in the number of new license and an increase of 13% or 331 in the number of renewals. The breakdown of these statistics by housing type can be found on Schedule 1. From the report for FY 2001, we selected 5% of all licenses to review the inspection files. In reviewing these permit files we found that these files did not contain

details concerning what work was performed. In the cases where a property passed the first inspection, the only information that the file contained was an inspection slip that stated that the inspection passed, the date, and the inspector's initials. In the cases where the property did not pass the first inspection, the files contained an inspection slip that stated the inspection did not pass, what action was taken by the inspector, a list of deficiencies found, when the deficiencies need to be corrected, and information on subsequent inspections. If a complaint was filed, there would be information as to what the complaint was and what action was taken to resolve it. A pre-written checklist would assist in making sure all inspections are performed and accomplished. A complete record would facilitate the County should discrepancies occur and/or court action be required. We therefore recommend that:

4. *The Department initiate an inspection check list to be completed with each inspection as part of the permanent record with a permit. If existing methods continue to be used, than a more thorough review should be documented. The supervisor should verify that the required documentation becomes part of the permanent record.*

Administration's Response:

The department will reevaluate it's current checklist which is based on property maintenance code references. If the checklist needs to be expanded, the necessary revisions will be made.

We reviewed 21 inspection files for new licenses. This sample was made up of six condominiums, nine townhouses and six single family dwellings. Of the 21 sample files, four did not pass the first inspection and required an additional inspection. With the level of documentation that the inspectors currently maintain, we were unable to determine how extensive the inspections were and what areas of the property were examined. Based on our review, we concluded that all new licenses should have an inspection performed. In most cases, only one inspection is required.

We reviewed the file for 138 of the renewal licenses. Of these 138 cases, 27 were condominiums, 59 were townhomes and 35 were single family dwellings. Of the 138 files reviewed, only seven required more than one inspection. Only five files had notations that an interior inspection was performed. We also noted that 19 door hangers were returned, all of them noting that there were no maintenance problems. Of the files reviewed, 93 of the licenses were not renewed prior to their expiration date due to the inspection being performed late. On average, the lag time

for the inspection was 83 days. This leaves the property without a valid rental housing license for the period from the expiration date until the inspection has passed. We spoke with the supervisor of rental housing who informed us that this is mainly due to staffing constraints. The office's first priority is resolving complaints and fire safety inspections. In our sample testing we noted that complaints were resolved in a timely manner. The inspections for renewals are to be scheduled at the inspectors' discretion around their schedule and location to make the best use of their time. Due to the lag time in getting these inspections performed, we would recommend evaluating how much time would be needed to get the inspections current and determine if a full-time or part-time/contingent employee would alleviate the lag time. We therefore recommend that:

5. **The office evaluate the amount of time it would take to eliminate the back log/lag time in the rental inspections and consider hiring full-time or part-time/contingent personnel for this function.**

Administration's Response:

Due to budget constraints it is not feasible at this time to hire additional personnel. However, the department is reexamining the workload to see how the backlog can be reduced.

Based on our review of the renewal licenses, we conclude that the properties requiring an inspection did have one performed prior to the issuance of a new license. The exterior, at a minimum, was inspected prior to the renewal. However, there is minimal documentation on the details of what was reviewed.

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